
**Consumer Protection & Business
Committee**

SB 5787

Brief Description: Concerning the linked deposit program.

Sponsors: Senators Nguyen, Dhingra, Frockt, Keiser, Kuderer, Liias, Lovick, Nobles and Pedersen; by request of State Treasurer.

Brief Summary of Bill

- Renames the Time Certificate of Deposit Investment Program as the Surplus Funds Investment Program.
- Permits the Office of the State Treasurer to expand the types of investments used to invest short-term surplus funds.

Hearing Date: 2/21/22

Staff: Michelle Rusk (786-7153).

Background:

Time Certificate of Deposit Investment Program.

State law provides a procedure for managing short-term treasury surplus funds by the State Treasurer (Treasurer) in order to ensure a maximum return while they are on deposit in public depositories. The objectives of the procedures are to minimize non-interest earning demand deposits and provide fair compensation to financial institutions for services rendered to the state through the investment of state funds in time deposits.

To that end, the Treasurer is required to make certain surplus funds available for a Time Certificate of Deposit Investment Program (TCD Program), which funds must be available for

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deposit in qualified public depositories in accordance with statute. As part of administering the TCD Program, the Treasurer retains certain discretion over the amount of surplus funds invested in certificates of deposit (CDs), including if the amount of funds allocated for investment in CDs may impair the cash flow needs of the State Treasury. The Treasurer must publish a list of CD allocations in the Treasurer's monthly financial report.

Linked Deposit Program.

Of all funds available under the TCD Program, the Treasurer may use up to \$190 million for the Linked Deposit Program (Program). Program funds are deposited in public depositories as CDs on the condition that the public depository make qualifying loans, which are loans to certified minority-owned, women-owned, or veteran-owned businesses of up to \$1 million and no more than a 10-year term. Under the Program, up to \$15 million per year is provided for veteran-owned businesses, with the remaining \$175 million allocated to minority-owned and women-owned businesses. The Treasurer may purchase a CD equal to the amount of one qualifying loan or may purchase a CD equal to the aggregate amount of two or more qualifying loans.

Summary of Bill:

Surplus Funds Investment Program.

The Certificate of Deposit Investment Program is renamed as the Surplus Funds Investment Program. The Treasurer is no longer limited to investing in CDs and must publish a list of surplus funds investment allocations in the Treasurer's monthly financial report. Deposits and interest accrued through the Surplus Funds Investment Program must be protected against loss according to the procedures in the Public Funds - Deposits and Investments statute.

Linked Deposit Program.

The financial instruments that the Treasurer may purchase to facilitate qualifying loans under the Linked Deposit Program are expanded to include investment instruments in addition to CDs.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.